

**HERSEY TOWNSHIP**  
**OSCEOLA COUNTY, MICHIGAN**  
**AUDIT REPORT**  
**JUNE 30, 2004**

# Auditing Procedures Report

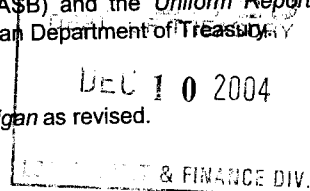
Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>HERSEY TOWNSHIP</b>	County <b>OSCEOLA</b>
Audit Date <b>6-30-2004</b>	Opinion Date <b>10-6-2004</b>	Date Accountant Report Submitted to State: <b>12-2-2004</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.



We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

## We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>TERRY KIRKPATRICK, CPA, P.C.</b>			
Street Address <b>211 MAPLE STREET</b>	City <b>BIG RAPIDS</b>	State <b>MI</b>	ZIP <b>49307</b>
Accountant Signature <i>Terry D Kirkpatrick, CPA</i>		Date <b>11-24-2004</b>	

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**TERRY KIRKPATRICK, CPA, P.C.**  
CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

To the Township Board  
Hersey Township, Osceola County

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hersey Township, Osceola County, Michigan, as of and for the year ended June 30, 2004, which collectively comprise Hersey Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Hersey Township, Osceola County, Michigan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hersey Township, Osceola County, Michigan, as of June 30, 2004, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Township of Hersey has implemented a new financial reporting model, as required by provisions of GASB Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*, as of June 30, 2004. However, management has elected not to present the Management's Discussion and Analysis portion of the financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Hersey Township, Osceola County, Michigan basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

 Terry Kirkpatrick, CPA, P.C.

Big Rapids, Michigan  
October 6, 2004

*BASIC FINANCIAL STATEMENTS*

Hersey Township – Osceola County, Michigan  
Government Wide Statement of Net Assets  
June 30, 2004

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 397.984
Receivables - Other Governmental Units	17.070
Delinquent Tax Receivable	12.922
Capital Assets (Net)	<u>269.744</u>
Total assets	<u>\$ 697.720</u>
LIABILITIES	
Accounts Payable	\$ 225
Non-current liabilities	22.441
Due within one year	<u>49.311</u>
Due in more than one year	<u>71.977</u>
Total liabilities	
NET ASSETS	
Invested in capital assets, net of related debt	197.992
Unrestricted	<u>427.751</u>
Total net assets	<u>625.743</u>
Total liabilities and net assets	<u>\$ 697.720</u>

The "Notes to Financial Statements" are an integral part of these statements.

Hersey Township – Osceola County, Michigan  
 Government Wide Statement of Activities  
 For the Year Ended June 30, 2004

	<u>Expenses</u>	<u>Program Revenues</u> Charges for <u>Services</u>	<u>Operating</u> <u>Grants</u>	<u>Governmental</u> <u>Activities</u> Net (Expense) Revenue and Changes in Net Assets
PRIMARY GOVERNMENT				
General Government	\$ 78,006	\$ 400	\$ 0	\$ (77,606)
Public Safety	105,168	58,485	0	(46,683)
Public Works	59,377	29,328	0	(30,049)
Other Functions	4,836	0	0	(4,836)
Depreciation (unallocated)	29,600	0	0	(29,600)
Total primary government	<u>\$ 276,987</u>	<u>\$ 88,213</u>	<u>\$ 0</u>	<u>\$ (188,774)</u>

General Revenues

Taxes	57,829
Property tax, levied for general operations	106,938
State revenue sharing, unrestricted	2,468
Interest earnings	2,094
Other	<u>169,329</u>
Total general revenues	(19,445)
Change in Net Assets	645,188
Net assets - Beginning of year	<u>\$ 625,743</u>
Net assets - End of year	<u>\$ 625,743</u>

The "Notes to Financial Statements" are an integral part of these statements.

*GOVERNMENTAL FUND FINANCIAL STATEMENTS*



Hersey Township – Osceola County, Michigan  
 Governmental Fund Balance Sheet  
 June 30, 2004

	General Fund	Fire Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 302,551	\$ 45,298	\$ 50,135	\$ 397,984
Delinquent Tax Receivable	6,461	6,461	0	12,922
Due from Other Funds	401	1,049	521	1,971
Receivable from Other Governments	17,070	0	0	17,070
Total assets	<u>\$ 326,483</u>	<u>\$ 52,808</u>	<u>\$ 50,656</u>	<u>\$ 429,947</u>
LIABILITIES AND FUND EQUITY				
Accounts Payable	\$ 199	\$ 26	\$ 0	\$ 225
Due to Other Funds	1,570	0	0	1,570
Fund Balance - Unreserved and Undesignated	324,714	52,782	50,656	428,152
Total liabilities and fund equity	<u>\$ 326,483</u>	<u>\$ 52,808</u>	<u>\$ 50,656</u>	<u>\$ 429,947</u>

Reconciliation of the Balance Sheet of Governmental Funds to  
 the Statement of Net Assets

Total Governmental Fund Balances

Amounts reported for governmental activities in the  
 statement of net assets are different because:

Capital assets used in governmental activities are not  
 financial resources, and are not reported in the funds.

Long-term liabilities that are not due and payable  
 in the current period are not reported in the funds:

notes payable

Agency funds are not shown in these statements, which  
 accounts for interfund receivable not being shown

Cost of capital assets, net of depreciation

Net assets of governmental activities

\$ 428,152
(71,752)
(401)
269,744
<u>\$ 625,743</u>

The "Notes to Financial Statements" are an integral part of these statements.

Hersey Township – Osceola County, Michigan  
Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Year Ended June 30, 2004

	General Fund	Fire Millage Fund	Non-Major Governmental Funds	Total Government Funds
REVENUES				
Property Tax	\$ 57,829	\$ 57,354	\$ 0	\$ 115,183
State Grants	106,938	0	0	106,938
Charges for Services	29,328	1,131	400	30,859
Interest and Rents	2,122	119	227	2,468
Other Revenue	1,344	750	0	2,094
Total revenues	197,561	59,354	627	257,542
EXPENDITURES				
General Government	74,759	0	3,247	78,006
Public Safety	0	104,472	696	105,168
Public Works	59,377	0	0	59,377
Other Functions	4,836	0	0	4,836
Total expenditures	138,972	104,472	3,943	247,387
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	58,589	(45,118)	(3,316)	10,155
OTHER FINANCING SOURCES (USES)				
Transfers In	0	50,000	3,000	53,000
Transfers Out	(53,000)	0	0	(53,000)
Total other financing sources (uses)	(53,000)	50,000	3,000	0
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	5,589	4,882	(316)	10,155
Fund Balance - July 1, 2003	319,125	47,900	50,972	417,997
Fund Balance - June 30, 2004	\$ 324,714	\$ 52,782	\$ 50,656	\$ 428,152

The "Notes to Financial Statements" are an integral part of these statements.

# Hersey Township – Osceola County, Michigan

Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2004

Net Change in Fund Balances - Total Government Funds	\$ (19,445)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	
Depreciation expense	<u>(29,600)</u>
Change in Net Assets of Governmental Activities	<u>\$ 10,155</u>

The "Notes to Financial Statements" are an integrated part of these statements.

Hersey Township – Osceola County, Michigan

Fiduciary Fund  
Statement of Net Assets  
June 30, 2004

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Agency Fund Type  
Property Tax Collection Fund

ASSETS	
Cash and Cash Equivalents	\$ 303.162
LIABILITIES	
Due to Other Governmental Units	\$ 302.761
Due to General Fund	401
Total liabilities	\$ 303.162

The "Notes to Financial Statements" are an integrated part of these statements.

# Hersey Township – Osceola County, Michigan

Notes to Financial Statements  
For the Year Ended June 30, 2004

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## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Hersey Township conform to accounting policies generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Hersey Township:

### Reporting Entity

The Township is governed by an elected, five-member, Board. The accompanying financial statements present the government and its component units; entities for which the government is considered to be financially accountable. Based on the application of the criteria, the Township does not contain any component units.

### Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

### Measurement Focus, Basis of Accounting and Financial Statement Presentation

**District-Wide Statements** - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Fund Based Statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be "available" if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes – Hersey Township's property tax is levied on each December 1<sup>st</sup> on the taxable valuation of property located within Hersey Township as of the preceding December 31<sup>st</sup>.

## Hersey Township – Osceola County, Michigan

Notes to Financial Statements - Continued  
For the Year Ended June 30, 2004

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Although the Hersey Township 2003 ad valorem tax is levied and collectible on December 1, 2003, it is Hersey Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations.

The 2003 taxable valuation of Hersey Township totaled approximately \$47,510,000, on which ad valorem taxes levied consisted of .9605 mills for the Township operating purposes and an additional .9605 mills for fire protection. These amounts are recognized in the respective General and Special Revenue Fund financial statements as Due from Osceola County and/or as a tax revenue.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted-for in another fund.

The Fire Millage Fund is used to record property tax and interest for expenditures for fire protection.

Additionally, the Township reports the following fund types:

The Township reports a Fiduciary Fund (Agency Fund). This fund accounts for taxes and special assessments collected by the Township as an agent for other taxing units. Fiduciary Fund net assets and results of operations are not included in the government-wide financial statements. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The Township reports three non-major special revenue funds for a fire barn fund, cemetery fund and a cemetery trust fund.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

### **Assets, Liabilities and Net Assets or Equity**

**Deposits and Investments** – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables** – In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1<sup>st</sup> and are considered delinquent on March 1<sup>st</sup> of the following year, at which time interest and penalties are assessed.

**Capital Assets** – Capital assets, which include property, plant and equipment assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Building	40 years
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## Hersey Township – Osceola County, Michigan

Notes to Financial Statements - Continued  
For the Year Ended June 30, 2004

**Fund Equity** – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

**Budgetary Information** – Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental units. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund, function, activity and line items. The legal level of budgetary control adopted by the governing body is the activity level. State law requires the Township have its budget in place by July 1<sup>st</sup>. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits a township to amend its budgets during the year.

### NOTE C – DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations, which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township has designated two banks for the deposit of Township Funds. The investment policy adopted by the Township Board in accordance with Public Act 196 of 1997 has authorized investment in bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 701,146

The bank balance of the primary government's deposits is \$706,242, of which \$120,000 is covered by federal depository insurance.

### NOTE D – RECEIVABLES

Receivables as of year-end for the government's individual major and non-major funds are as follows:

	General	Fire Millage	Non-Major	Total
Taxes receivable	\$ 6,461	\$ 6,461	\$ 0	\$ 12,922
State revenue sharing	17,070	0	0	17,070

Hersey Township – Osceola County, Michigan  
Notes to Financial Statements - Continued  
For the Year Ended June 30, 2004

**NOTE E – CAPITAL ASSETS**

Capital asset activity of the governmental activities for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 36,000	0	0	\$ 36,000
Capital assets being depreciated				
Buildings	130,000	0	0	130,000
Fire vehicles	236,494	18,000	0	254,494
Equipment	15,000	0	0	15,000
Less Accumulate depreciation for Capital assets	(136,150)	(29,600)	0	(165,750)
Net capital assets	\$ 281,344	\$ (11,600)	\$ 0	\$ 269,744

Depreciation expense was not charged to activities as the Township considers its assets to impact multiple activities and allocation is not practical.

**NOTE G – INTERFUND RECEIVABLES and PAYABLES**

Receivable Fund	Payable Fund	Amount
General	Agency	\$ 401
Fire	General	1,049
Non – Major	General	521

**NOTE H – RISK MANAGEMENT**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation). The Township has purchased workers' compensation insurance for such claims. Settled claims relating to the workers' compensation insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.



*REQUIRED SUPPLEMENTAL INFORMATION*

Hersey Township – Osceola County, Michigan  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2004

	Original Budget	Amended Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
BEGINNING OF YEAR FUND BALANCE	\$ 319,125	\$ 319,125	\$ 319,125	0
Resources (inflows)				
Property Tax	45,200	45,200	57,829	12,629
State Grants	65,000	65,000	106,938	41,938
Charges for Services	20,015	20,000	29,328	9,328
Interest and Rents	4,700	2,750	2,122	(628)
Other Revenue	1,500	500	1,344	844
Amounts Available for Appropriation	455,540	452,575	516,686	64,111
Changes to Appropriations (outflows)				
General Government				
Township board	22,904	24,684	12,467	12,217
Supervisor	6,728	6,728	6,358	370
Elections	6,450	6,450	0	6,450
Assessor	20,000	20,091	18,989	1,102
Clerk	13,018	13,227	12,725	502
Board of review	1,300	1,300	855	445
Treasurer	13,218	17,358	16,262	1,096
Townhall	6,800	10,900	7,103	3,797
Public Works				
Highways, streets & bridges	35,000	35,000	7,766	27,234
Sanitation	50,800	51,850	51,139	711
Street lighting	700	775	472	303
Other Functions				
Social security/ medicare tax	1,150	1,150	360	790
Retirement	5,000	5,000	4,476	524
Transfers Out	69,500	53,000	53,000	0
Total Charges to Appropriations	252,568	247,513	191,972	55,541
Budgetary Fund Balance - June 30, 2004	\$ 202,972	\$ 205,062	\$ 324,714	\$ 119,652

Hersey Township – Osceola County, Michigan  
 Budgetary Comparison Schedule  
 Fire Millage Fund  
 For the Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
BEGINNING OF YEAR FUND BALANCE	\$ 47,900	\$ 47,900	\$ 47,900	\$ 0
Resources (inflows)				
Property Tax	45,000	45,000	57,354	12,354
Charges for Services	1,250	1,050	1,131	81
Interest and Rents	75	75	119	44
Other Revenue	1,000	0	750	750
Transfer from Other Funds	65,000	50,000	50,000	0
Amounts Available for Appropriation	160,225	144,025	157,254	13,229
Charges to Appropriations (outflows)				
Public Safety	112,350	125,245	104,472	20,773
Fire protection				
BUDGETARY FUND BALANCE - June 30, 2004	<u>\$ 47,875</u>	<u>\$ 18,780</u>	<u>\$ 52,782</u>	<u>\$ 34,002</u>

*OTHER SUPPLEMENTAL INFORMATION*

# Hersey Township – Osceola County, Michigan

Combining Balance Sheet

Non-Major Governmental Funds

June 30, 2004

	Fire Barn <u>Fund</u>	Cemetery <u>Fund</u>	Cemetery <u>Trust Fund</u>	<u>Totals</u>
ASSETS				
Cash and Cash Equivalents	\$ 26,135	\$ 3,993	\$ 20,007	\$ 50,135
Due from General Fund	245	246	30	521
Total assets	<u>\$ 26,380</u>	<u>\$ 4,239</u>	<u>\$ 20,037</u>	<u>\$ 50,656</u>
LIABILITIES AND FUND EQUITY				
Fund Balance				
Unreserved and undesignated	<u>\$ 26,380</u>	<u>\$ 4,239</u>	<u>\$ 20,037</u>	<u>\$ 50,656</u>

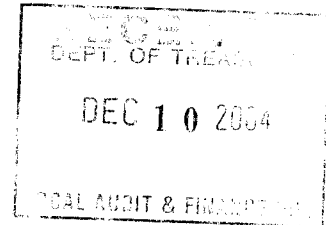
# Hersey Township – Osceola County, Michigan

Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Non-Major Governmental Funds  
For the Year Ended June 30, 2004

	Fire Barn Fund	Cemetery Fund	Cemetery Trust Fund	Totals
REVENUES				
Charges for Services	\$ 0	\$ 300	\$ 100	\$ 400
Interest and Rents	106	11	110	227
Total revenues	106	311	210	627
EXPENDITURES				
Current				
General government	0	3,247	0	3,247
Public safety	696	0	0	696
Total expenditures	696	3,247	0	3,943
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(590)	(2,936)	210	(3,316)
OTHER FINANCING SOURCES (USES)				
Transfer In	0	3,000	0	3,000
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(590)	64	210	(316)
FUND BALANCE - July 1, 2003	26,970	4,175	19,827	50,972
FUND BALANCE - June 30, 2004	\$ 26,380	\$ 4,239	\$ 20,037	\$ 50,656

**TERRY KIRKPATRICK, CPA, P.C.**  
CERTIFIED PUBLIC ACCOUNTANT

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October 6, 2004

Members of the Township Board  
Hersey Township  
Osceola County, Michigan

We have recently completed our audit of the general purpose financial statements of Hersey Township for its year ended June 30, 2004. During this audit, we had an opportunity to observe accounting and financial procedures and many of your general management practices. As a result of our auditing procedures, there are some comments we want to present.

**CLERK AND TREASURER RECORDS WELL MAINTAINED**

The Clerk and Treasurer both have maintained their financial records in very good order. They both have done a very good job, and the Clerk has done a good job keeping the Board informed of all necessary budget amendments in a timely manner.

**INTEREST ON CERTIFICATES OF DEPOSIT**

We did not notice any payment of interest being credited on the books for the two \$10,000 certificates of deposit owned by the General Fund. The Treasurer should double check with the bank to make certain that payment is made.

**OTHER MATTERS**

We want to thank your personnel for the courtesy and cooperation shown us by them during our audit.

You must mail two copies of the audit report and this letter to the Michigan Department of Treasury. A pre-addressed envelope has been provided for your convenience.

If you have any questions regarding the above or the audit, please contact us.

Sincerely,

*Terry Kirkpatrick, CPA, P.C.*